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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

11 October 1968

MEMORANDUM

SUBJECT: An Arab-Israeli Settlement -- If They Could Compromise

The chances for any sort of compromise between the Arabs and the Israelis, slim at best, have been fading in an atmosphere of general despair and frustration. The antagonists are hung up on another in their long series of procedural wrangles, but each has recently taken a small step forward. Breaking the deadlock and impelling them into meaningful substantive bargaining, however, still seems to depend on external pressure. Even if serious negotiations began, the task of working out each issue would be long, arduous, and subject to breakdown at any moment.

Nonetheless, the Arab and Israeli positions on some substantive issues (e.g., the Straits of Tiran and the Gaza Strip) do not appear far apart. Conflicting demands on the West Bank and a refugee program would be much more difficult to resolve, but not necessarily beyond solution. Any real compromise on Jerusalem seems impossible, but an appearance of compromise probably could be put together.

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Any acceptable compromise would have to return most of the Arab territory taken by Israel in June 1967. A start also would be made toward a more normal existence for the Arab refugees. In return, the Israelis would gain physical security, peace, freedom of navigation, and the beginnings of normality in their relations with their neighbors. From the Israeli point of view the result would be substantially better than the situation prevalent in May 1967 and substantially less than an ideal settlement. If the agreement were honored, both parties would have some return for the blood and money spent in 20 years of hostility.

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One More Chance?

1. Among the principal parties directly concerned with the search for an Arab-Israeli settlement (the Arab states, Israel, UN representative Jarring, the USSR, and the US), there appears to be a general consensus that the next few weeks are critical. Most observers fear that if the Jarring Mission does not produce some movement toward substantive negotiations, and if no help comes from some other source, the flickering hopes for a compromise between the Arabs and the Israelis will be extinguished.

2. Another attitude that is widely held is that progress at this juncture is possible (although still not guaranteed) only if the United States is willing to take an active role in openly, and with some convincing display of leverage, urging all the participants in the June 1967 war, and especially Israel, to take a step toward a settlement. US involvement is considered indispensable because the US is the only power commonly believed to exert great, if not commanding, influence over Israel. Equally prevalent is the conviction that the USSR, believed to have similar influence on the UAR

- 2 -

S-E-C-R-E-T

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and perhaps on Syria, must continue to be an active participant. Roles for the US and the USSR are usually described in the context of either bilateral cooperation or participation in a four power initiative.

3. Several new or refurbished proposals for achieving a "package" settlement have been bruited about in the past month. A Soviet initiative, in effect resurrecting a year-old French idea, has already become public and been rejected by Israel because it favored the Arab cause. Jarring has drawn up a list of suggestions that will probably be revealed to the world before long. Both proposals leave the more difficult issues to future negotiations; the concrete elements they do contain fall far short of Israeli requirements but could probably win Arab acceptance. Although predicated on direct negotiations and diplomatic recognition, a putative Israeli plan that was surfaced and disavowed several weeks ago included proposals for the settlement of physical issues that were generous enough so that Husayn might have responded favorably.

- 3 -

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4. The element essential to tempt the Arabs into serious negotiations is an unequivocal, public statement of Israel's willingness to withdraw from occupied territories, so phrased that it offers Husayn and Nasser hope of regaining enough to make a deal look supportable. Wringing that kind of official commitment from the Israeli government would be extremely difficult; Foreign Minister Eban avoided including any such concrete concession in his October 8 speech to the UN General Assembly. The Israeli government now appears to find domestic opposition to any compromise far more compelling than international pressures for settlement.

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5. If either side were willing to take the risk of gestures toward the other, modalities for substantive negotiations could probably be arranged. Husayn has pledged, if given hope of regaining a substantial portion of occupied Jordan, to meet with the Israelis under Jarring's auspices and eventually without Jarring. He has sought and obtained Nasser's blessing; if Jordanian exchanges with the Israelis provided any hint of

- 4 -

S-E-C-R-E-T/

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progress, Nasser would probably be willing to join in the substantive bargaining. Israel, for its part, wants to be convinced that the Arabs are willing to conclude a firm and lasting peace before serious talks begin.

6. Talks, however initiated, might follow a number of procedural variations. The presence of the US and the USSR, ostensibly as monitors, could be justified as a means of providing assurance for both sides that the mutual promises and commitments could not then or later be distorted or denied. In this milieu some way of "guaranteeing" the rights of both sides could be thrashed out; pledges to provide financial support and a token number of personnel for the mechanisms of the agreed solutions offer one possibility. This procedure, or some variant, could also satisfy the requirements of both sides on documentation; whatever agreement was hammered out could be "witnessed" by the big powers in some fashion. If the Israelis were induced to accept some such procedure, devised so as to satisfy their requirements in everything except terminology, the parties could then begin the long and arduous process of considering the bounds of each outstanding issue between them.

- 5 -

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Packages and Public Opinion

7. The primary Arab aim is to regain control of the land occupied by Israel in June 1967; Israel, on the other hand, wants to get at the root of its troubles: the whole Palestine issue that has festered for over 20 years. Initially, the Arabs were unwilling to entertain any discussion of matters not specifically stemming from the Six Day War. A shift has occurred here that offers some hope for compromise.

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8. Nasser and Husayn are willing to pay a price for the return of Arab territory and to compromise within the bounds of what they believe they can justify to their own people and to Arab opinion in general. They have no illusions that they will actually be able to obliterate Israeli existence. They also know that the three "no's" of Khartoum -- no surrender, no direct negotiations, no peace treaty -- were limitations only on the procedure for obtaining Israeli withdrawal from the occupied areas. The oft-repeated prohibitions are by now so firmly imbedded in

- 6 -

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Arab mythology that they cannot be reversed or ignored. However, if Nasser and Husayn can make a convincing claim of having eased the plight of the Palestinian refugees, they might escape in substance (although not in form) from the Khartoum trap. For those Arabs who must take the blame or credit for any settlement, the total package must be salable to their people as worthwhile; the specific elements can be weighed against one another.

9. It is exceedingly difficult for the Israelis to view a settlement in the context of the package formula. Most of the potential compromises entail Israeli forfeiture of a concrete, physical asset in exchange for a principle. And, although the Israelis consider the principles absolutely vital to their security, they are unsure how much to offer or how much faith to place in Arab agreements to principles. They have painful experience to remind them of the Arab propensity for considering a past action or word as a dead letter. Not only are they unwilling to trust the Arabs -- they are also highly skeptical of international guarantees.

- 7 -

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10. In any attempt to reconcile the opposing demands, the domestic imperatives facing Nasser, Husayn, and Eshkol will impose restrictions. None of the three is free of the threat of loss of political control, whether through overthrow or through parliamentary process. Each will be sorely tempted to back down on his more forthcoming offers if the public outcry is strong. Nasser will not open the Suez Canal to Israeli-flag vessels if he thinks that it will bring about his ouster; if Eshkol thinks he will be repudiated because a solution is documented only through international organizations, he will not be won over by the elements of the solution itself. Even greater complexities confront Husayn, who will be hard pressed to maintain an accommodation with the fedayeen while seeking a compromise that would, in the end, mean a peace settlement and abandonment of the goal of liberating Palestine. Husayn will continue to need both Nasser's whole hearted cooperation and at least sympathetic silence from Feisal of Saudi Arabia.

11. All the Middle Eastern governments, however, are to a considerable extent creators of public opinion. Despite the deluge of aggressive Arab rhetoric, much of the Arab

- 8 -

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world now accepts [REDACTED]

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ideas that would have been inconceivable a year ago. For example, Egypt has offered to open the Suez Canal to Israeli vessels under certain conditions. The conditions look formidable, of course, but the Arabs have at least absorbed the basic reversal of the long-reiterated notion that Israeli vessels would never use the canal because of the state of war between them and Israel. An Egyptian official spokesman has gone so far as to say publicly and specifically that Egypt has accepted the UN Resolution of November 1967 which "excludes the annihilation of the Israeli state." Husayn, while paying tribute to the fedayeen as the only effective weapon against Israeli aggression, has been bluntly outspoken about irresponsible gangsters who use the fedayeen movement to aggrandize themselves or threaten the stability of Jordan.

12. Current public statements from Israeli political and military personnel are designed to make the Israeli people feel safe, confident, and satisfied in the prevailing situation. They have been eminently successful. If the tone

- 9 -

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of official statements changed, and especially if an attempt to sell the Israeli public on a settlement were made by leaders whose military judgment and freedom from Western influence are trusted (e.g., Dayan and Allon in particular), Israeli public opinion would respond to some extent. The following outline of minimum Arab and Israeli interests is, therefore, written in the context of what could ultimately be made acceptable to each party, rather than what each side is now prepared to accept.

- 10 -

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Territorial and Human Issues

13. For Nasser and Husayn, the freedom to make concessions on territory and especially on the form and manner of settlement is inextricably tied to the question of refugees from the 1948-49 war. Any proposal to reach a compromise on other matters and postpone consideration of the refugees is doomed; no agreement acceptable to Israel is conceivable unless the Arab leaders can justify their concessions by pointing to some offsetting gain.

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[REDACTED] The Israelis say that they are willing to participate in a program designed to eliminate the refugee problem as long as they are insured against a large flow of refugees into Israel.\*

\* In addressing the UN, Eban referred only vaguely to regional and international aid, neither including nor excluding direct contributions by the Government of Israel. For both parties, however, it would seem that direct Israeli financial participation would be desirable. For the Arabs, such payment would constitute official acknowledgement that the Palestinians have rights recognized by Israel. Israel, too, would gain stature since Arab acceptance of money from the Government of Israel would hardly be consistent with the argument that Israel has no legitimate existence.

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The haggling that would go into figuring out who to compensate, at what rates, and from what sources would be considerable. In principle, however, based on the statements of all parties, a compromise is possible.

14. The question of access to Eilat through the Straits of Tiran was so serious that it was a causus belli in June 1967, but it might now be resolved with very little substantive dickering. Egypt has offered to designate the Straits as international waters and to permit stationing of an international force at Sharm el Sheik that would not be subject to Egyptian expulsion. The Israelis would boggle at an international force, but inclusion of representatives of the major powers or an Israeli observer team might satisfy them. The Arabs would agree to anything short of Israeli sovereignty over the Arab land overlooking the Straits (or the Arab islands in the Straits) if the rest of the package was acceptable.

15. The Gaza Strip is another problem that has defied solution for twenty years and now could succumb fairly easily. As with Tiran, Egypt will accept any arrangement that does not involve a direct and immediate concession of sovereignty to Israel. Cairo, which has never claimed sovereignty, has already

- 12 -

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proposed international administration of the strip as an interim measure. Israel would like to have the territory but not the residents; the minimum Israeli demand on Gaza in the context of a peace settlement seems to entail demilitarization under non-Egyptian control. Jordan would like to have Gaza and could treat acquisition of even limited sovereignty over it as a means of taking the sting out of other concessions.

16. Arrangements for the rest of the Sinai Peninsula can also be visualized in general terms. Cairo has indicated that it would agree to demilitarization of all of the Sinai; it would also accept a permanent international police or observer arrangement. At one time, Egypt said that the international force must operate on both sides of the border. That caveat, if Cairo remains adamant, is a definite sticking point for Israel in the context of continued Arab refusal to concede Israel's right to existence. However, if Israel no longer felt obliged to consider an international presence as an affront to Israeli legitimacy, the minimal gesture that would salve Arab pride would not seem beyond Israeli capabilities. In fact, the Arabs would probably be content if Israel acknowledged the right of the force to enter Israeli territory without actually insisting that the right be exercised.

- 13 -

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17. The Suez Canal, once an Arab asset in the struggle against Israel, now is being exploited as an issue by both sides. Israel has never had any overwhelming economic need to use the Canal itself but has wanted full rights as a symbol of recognition of its existence as a sovereign state. Egypt can do without the Canal as long as the other Arab countries are willing to compensate for lost revenues. With varying degrees of urgency, most of the rest of the world wants the Canal open. The Egyptian proposal on the Canal includes phased steps that link Israeli rights and Israeli concessions. Israel will not accept the Egyptian suggestion as an isolated deal; if an overall settlement can be reached that includes an agreement on the Palestinian refugees, however, Israel's right of passage will materialize automatically. From the Israeli point of view, the danger inherent in the phased approach is that Israeli withdrawal and Egyptian clearance of the Canal would be followed by Egyptian rejection of all other elements of the settlement. That risk, if renunciation of the agreement meant that Nasser would be responsible for sabotaging satisfactory arrangements for the refugees, is probably not as great as the Israelis believe. Reassurance for the Israelis

- 14 -

S-E-C-R-E-T

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S-E-C-R-E-T/

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(e.g., bringing in the World Bank or some other appropriate organization as joint operator for some specified period) could probably be devised.

18. Control of the Golan Heights is likely to be settled by being left unnegotiated and unchanged. Without some dramatic and completely unexpected change of heart in Damascus, Syria will not be party to any negotiations.

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To all intents and purposes, therefore, the heights would seem to have become de facto property of Israel already.

19. When the focus of attention turns to the Jordanian territory occupied by Israel, the vital interests of both sides are deeply engaged. Although Husayn does not expect to get every inch of territory back, he cannot give up more than he can justify under the guise of "border rectification." He is prepared to accept demilitarization of the entire West Bank, and two devices are available that could be utilized to permit him additional flexibility. Early proposals for the partition of Palestine provided for a corridor through Israel that would give Arab Palestine access to Mediterranean ports.

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Eban's October 8 speech indicated that the Israelis are willing to revive this idea, which would allow Husayn to point to a clear gain from negotiations and permit him to be somewhat more forthcoming on other matters. Similarly, an arrangement on the Gaza Strip that made Jordanian sovereignty at least a future option would reduce the restrictions on Husayn.

20. We do not know how far Israel is willing to go in returning West Bank land to Husayn's control, and we do not believe that the Israelis themselves have faced this question squarely.

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a growing feeling

among the Israeli public that the West Bank should be retained as part of Israel. There are hints, which we are inclined to believe, that the Israeli government could obtain parliamentary ratification of an agreement embodying return of most of the West Bank in exchange for an overall settlement that the Israelis felt confident would give them complete protection from Arab physical assaults. We also believe, with much greater

- 16 -

S-E-C-R-E-T/

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assurance, that the chances for winning Israeli agreement to significant territorial concessions are getting slimmer by the day.

21. The Allon Plan concept of an autonomous West Bank state as a continuing entity does not seem very relevant to a negotiated settlement, but there might be some negotiating mileage in a West Bank entity as an interim stage. A proposal for temporary joint Israeli-Jordanian administration of at least a portion of the West Bank would appeal to the Israeli desire for day-to-day contact with Arabs on an official basis; if Jordanian sovereignty were recognized from the beginning, there is a fair chance that Husayn could live with such an arrangement.

22. The irresistible force meets the immovable object in Jerusalem. Eshkol has declared that "Unified Jerusalem, including the captured Jordanian sector, will remain Israel's capital." All Arabs are opposed to Israeli sovereignty over the Old City, and King Feisal of Saudi Arabia (titular keeper of all Moslem holy places) has solemnly promised to declare a holy war if any settlement acknowledges Israeli territorial sovereignty. The US, along with most of the international

- 17 -

S-E-C-R-E-T

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S-E-C-R-E-T/

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community, is on record in favor of special international status for the city. We see no way to reconcile these demands. Perhaps the only possibility, if a compromise on all other issues could be arranged, is some diplomatic sleight of hand that would give the Arabs an appearance of participation in the governing of the city, as well as access to Moslem religious sites. In the final analysis, this would require that Feisal be induced -- by a strenuous appeal to his pecuniary interests, his paternal regard for 1.7 million refugees, and his own need for diplomatic and military support from at least one of the great powers -- to suppress his indignation. If Feisal could be persuaded to give assent by silence, most Arabs whose opinions matter would go along.

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Israelis, international recognition of the New City as the capital of Israel would be an important sweetener in any deal.

23. In Jordan, fedayeen reaction would be a critical factor; there, as elsewhere, the key is a refugee settlement. The vast swell of public support for the Arab liberation groups is compounded of the long-standing inability to gain any

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recognition of the rights of the Palestinians, the humiliation of three defeats, and the lack of alternative means to strike against Israel. Most of the refugees no longer want to return to their homes of twenty years ago; adequate financial compensation, therefore, would be supported by the majority of the Palestinians. For Husayn, the balance would be delicate. During a negotiating process, the threat of the fedayeen reaction to rumors of a sell-out would be ever present. Some of the Palestinian extremists already have denounced the activities of the "slave merchants in the UN lobbies." If and when he accepted a settlement that abandoned reconquest of Israel as a goal, he might have to rely on his native East Bankers, West Bankers who want to go home, and Palestinians who want tranquillity and prosperity against the militant youths who staff the guerrilla bands. If fedayeen organizations attempted direct action against the Jordanian government, they probably could expect some assistance from Syria, and perhaps from Iraqi troops as well. Following a settlement that was relatively generous to Jordan, however, we believe that the Jordanian army would remain loyal to the King and that he probably could handle a fedayeen attempt to overthrow him by force.

- 19 -

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The Shape of an Accommodation

24. Viewed independently, each of the specific territorial questions appears susceptible to solution, but pursuing a negotiating process through to the eventual compromises would be extremely difficult. Neither side has been willing to go very far to achieve mutual accommodation. For the Israelis, the choice lies between their present geographical situation, with the attendant near certainty of a dreary succession of continuing incidents interspersed with occasional major wars, and a solution that falls far short of their desires. The Arab dilemma is no more appealing: disavowal of the crusade that has been the Arab rallying cry for a full generation, or leaving part of their citizenry under enemy rule and the balance at the mercy of enemy attack.

25. Nasser is unlikely to swallow his remaining pride while he has the weapons to re-equip and reassure his tattered army and the financial resources to feed and clothe his citizens well enough to keep them quiescent. The USSR shows no signs that it is willing to deny him arms, and the rich Arab nations seem to feel morally bound and politically pressed to bankroll

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him while he stands fast for the rights of the Palestinians. However, Ambassador Jarring believes that the Soviets do want a peaceful settlement and would exert some influence to that end when negotiations were under way.

26. Given present circumstances, we believe that there are at least two matters even more vital to Israel than total, immediate Arab capitulation. They are supplies of sophisticated weapons and continuing inflows of massive financial resources.

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27. It is obvious that no compromise is possible that will produce amity between Israel and the Arabs. What might best be attained, under a compromise barely acceptable to all concerned, is muting of open hostility and the elimination of the legal state of war. The important Arab leaders might, in exchange for land and a refugee settlement, be brought to accept the legal existence of Israel and to treat Israel as a permanent fixture in their midst. They could be induced to

- 21 -

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drop the formal trappings of hostility -- closed borders, closed waterways and boycotts -- that have separated Israelis and Arabs. The Israelis, therefore, could have an opening for the Arab/Israeli contact that they have long insisted was essential to development of normal relations, along with supervised demilitarization of Sinai and the West Bank and perhaps possession of most of Jerusalem. Initiation of a negotiating process, however, is only the first in a formidable array of hurdles facing the search for such an accommodation.

- 22 -

S-E-C-R-E-T

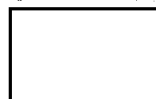
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*This is an informal memo, the work of one of our  
Staff and largely uncoordinated. Yet it is interesting  
enough, I think, to send you for your information.*



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MEMORANDUM FOR: The Director

Scarcely had I gotten back from the morning meeting when a draft of this memorandum was put on my desk. It has since been read by [redacted]

[redacted] who think it is a good paper. Accordingly, I am sending it to you, without further coordination, in the hope that it may be both interesting and timely.

ABBOT SMITH  
Director  
National Estimates

11 October 1968  
(DATE)

FORM NO. 101 REPLACES FORM 10-101  
1 AUG 54 WHICH MAY BE USED.

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